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**The Role and Current Status of IFRS in the Completion of National
Accounting Rules: Evidence from Belgium**

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Abstract:

We study the incorporation of EU Directive 2013/34/EU on financial reporting into Belgian legislation. By analyzing the forces that shape the transposition of this Directive, we examine opportunities and obstacles in the Belgian institutional environment that hinder or stimulate the possibilities for the IFRS to influence financial reporting by private firms in Belgium. As a result of several national forces, the Belgian legislature did not use all opportunities available to modernize financial reporting for private entities when transposing this Directive. We further discuss existing differences between Belgian GAAP for private enterprises and the IFRS and observe that the influence of the latter on financial reporting regulation for private enterprises in Belgium remains rather limited.

Keywords: IFRS, private entities, financial reporting, Belgium, EU Accounting Directive 2013/34/EU

1. Introduction

Belgian financial reporting and financial accounting practices are an example of the continental European accounting model. Influences from French accounting (e.g. the requirement to use a standard chart of accounts, defined by law) and German accounting (e.g. the dominance of conservatism, very detailed accounting legislation and a close relationship between accounting income and tax income) can still be found in Belgium today. The first two sections of this paper explain why the national context in Belgium is not really conducive for the International Financial Reporting Standards (IFRS) to grow and develop into a substantial source of influence on either national legislation or national practices. The third, fourth and fifth sections describe the current (indirect) influence of the IFRS on accounting and reporting by private enterprises in Belgium. The sixth section discusses the differences between Belgian accounting legislation, with its royal decrees, and the IFRS. The paper ends with a short conclusion.

2. Documents Internalizing the Accounting Directive 2013/34/EU

EU Directive 2013/34/EU, published on 26 June 2013, was incorporated into Belgian legislation by the Law of 18 December 2015 and by Royal Decree on the same date. The Law of 18 December 2015 amended a number of articles in the most recent version of the 2005 company law, which related to the criteria to be used to classify organizations as large, small or micro entities. The Royal Decree of 18 December 2015 amended articles in the Royal Decree of 30 January 2001, which related to the recognition and measurement of items like research and development costs, provisions, revaluation surpluses and the abolishment of the categories extraordinary expenses and extraordinary revenue. The main purpose of the Law of 18 December 2015 and the Royal Decree of 18 December 2015 was to align the treatment of these items with the provisions of EU Directive 2013/34/EU. The articles of this decree also include

the new layout and contents of the balance sheet, profit and loss account and accounting notes to be used by large, small and micro-companies.

Based on two opinion documents issued by the Commission on Accounting Standards (CAS) (Commissie Boekhoudkundige Normen / Commission des Normes Comptables) and one by the Central Economic Council (Centrale Raad voor het Bedrijfsleven / Conseil Central de l'Economie), the Belgian legislature set about incorporating accounting directive 2013/34/EU. Since the Commission on Accounting Standards and the Central Economic Council have similar compositions (see next section), their opinions on this Directive and its possible implementation in Belgium were almost unanimous. Their most important objective was in fact to maintain the status quo while implementing the Directive. Both bodies expressed the following objectives in implementing the Directive: (1) respect current levels of transparency in the financial information made available to stakeholders, especially to employees, (2) uphold the principle of fiscal neutrality which implies that the tax system adheres to the accounting law, and (3) recognize that financial statements are a general source of information (ICCI - Informatiecentrum voor het Bedrijfsrevisoraat, Centre d'Information du Revisorat d'Entrprises, 2016).

The legislature agreed with these objectives, and as a result the discussions on the implementation of the 2013 EU Directive concentrated almost exclusively on the criteria that would determine whether an entity is described as micro, small or large. The category of medium-sized companies provided for in EU Directives (already included in the 4th Directive issued in 1978) has never been introduced in Belgium. This was explicitly supported in the opinion of the Central Economic Council on the implementation of the 2013 Directive. Subsequently, the Belgian legislature did not include this category in national laws. In line with the objective to respect the current transparency of financial information, the possibilities for the simplification of financial reporting written into this “Think Small” Directive were not used

in Belgium. A ‘micro-entities’ category (criteria: turnover €700,000, balance sheet total €350,000 and no more than 10 employees) was created by the law of 18 December 2015, but such entities must disclose their financial statements using the same detailed balance sheet and profit and loss account layouts as those required of small companies. The only difference between micro and small entities is that the latter have to disclose more information in their notes. It is estimated that about 85% of all private companies will be categorized as micro-entities in the future. All companies, whether large, small or micro, have to file their financial statements with the Central Balance Sheet Office (Balanscentrale, Centrale des Bilans). This decision not to exempt any category from filing their financial statements with this office was the result of concerns with respect to transparency. It can also be explained by the fact that financial statements are used for macro-economic and statistical purposes and to inform employees.

However, this concern for the transparency of financial information is almost absent with regard to consolidated financial information. When the 7th Directive was implemented in Belgium (Royal Decree of 6 March 1990), the legislature, in consultation with the Central Economic Council, decided to allow many more “small” groups not to prepare and file consolidated information than was in fact provided for in the 7th Directive on consolidated accounts (criteria for small groups: turnover €29.2 M, balance sheet total €14.6 M, and no more than 250 full-time employees). If the Belgian legislature had followed the criteria for small groups written into the EU Directive, many more groups would have had to present consolidated information than required by the Royal Decree of 6 March 1990. Up until 2015, only 800 non-listed groups published consolidated accounts in Belgium (ICCI, 2016). EU Directive 2013/34/EU introduced new criteria to exempt small groups from presenting consolidated information. However, during the process to incorporate the 2013 EU Directive, the Belgian legislature, with the support of the Central Economic Council, again decided to exempt many groups from

publishing consolidated information and introduced a new category known as “groups of limited size” (criteria for Belgium: turnover €34 M, balance sheet total €17 M, and no more than 250 full-time employees) into the Belgian legislation. As a result of these new criteria, once again fewer groups will publish consolidated information than if the criteria and exemption rules for small groups in the EU Directive had been introduced in Belgium. Groups often manipulate individual accounts to hide their underlying economic situation, only group accounts can therefore reveal their “real underlying” economic position. All groups not exceeding the criteria for “groups of limited size” can hide their underlying economic situation. The fact that group accounts are not used for tax purposes could explain this more lax attitude towards disclosure of group information.

Despite the possibility to modernize the definition, recognition, measurement and disclosure of financial statement items while incorporating the EU Directive, its implementation changed very little. Only those elements that could not be avoided (e.g. the abolition of the capitalization of research costs) were written into the national legislation. The underlying driver limiting changes with respect to recognition and measurement in the national legislation as part of this process is the adherence to the principle of fiscal neutrality, which links accounting income to taxable income. Adapting the measurement or recognition of financial statement items to international developments would automatically lead to a change in taxable income. In fact, this principle of fiscal neutrality hinders the modernization of accounting for private enterprises in Belgium. It almost makes it impossible for the full IFRS (or IFRS for SMEs) to influence Belgian accounting legislation for private enterprises or the opinions issued by the Commission on Accounting Standards. Only those changes in measurement and recognition that could not be avoided because they were driven by the EU Directive were incorporated into the legislation. These led to corollary changes in the fiscal laws to avoid a major change in the taxable income of companies. For example, the abolition of the capitalization of research costs led to changes

in the fiscal legislation with a view to neutralizing the influence of this accounting change on taxable income. Only a few modifications have been made to accounting recognition and valuation rules since the transposition of the EU Directive so that the impact of the accounting reform as regards taxation remains minimal.

Adaptations were made with respect to research and development costs (capitalization of research costs now forbidden), provisions (definition now aligned with that in the EU Directive), receivables and payments (definition updated as a result of the EU Directive) and goodwill (change in the depreciation period). With respect to the presentation of profits or losses, the transposition led to the replacement of ‘extraordinary costs and revenue’ by the categories ‘non-recurrent operating costs and revenue’ and ‘non-recurrent financial costs and revenue’.

3. The Legislative System: How EU Directives are incorporated into Belgian Law

Belgium has a system of public accounting standard setting. This means that the legislature issues the laws and accompanying royal decrees that govern accounting and financial reporting in Belgium. Before issuing a law or a royal decree, the legislature systematically consults the Belgian Commission on Accounting Standards and the Central Economic Council.

In order to understand the Belgian legislature’s objectives and the steps taken to implement EU Directive 2013/34/EU on financial reporting, it is useful to consider briefly the financial reporting objectives as they have developed historically in Belgium. Prior to the accounting law of 1975, legislation on company accounting was almost non-existent in Belgium. Before 1975, the lack of financial transparency was a major issue. In the late 1960s, the protest movement by workers and students against the establishment and market capitalism led the unions to question the law governing financial reporting by companies (Michielsens, 1975). Following this protest, and based on the first draft of the 4th EU Directive on individual accounts, on 17 July 1975 the

legislature adopted the Accounting Law on bookkeeping and financial reporting for companies (Wet op de boekhouding en de jaarrekening van de onderneming / Loi relative à la comptabilité et aux comptes annuels des entreprises). The provisions of the law were implemented by the royal decree of 8 October 1976. These two pieces of legislation covered aspects of bookkeeping, the layout and content of financial statements, valuation rules, disclosure requirements and a basic standard chart of accounts. They provided for the filing and publication of the individual accounts of all companies (even small ones) with the National Bank of Belgium. As a result, individual accounts became easily accessible by all stakeholders.

When Belgian financial reporting was brought in line with the draft of the 4th EU Directive in 1975, the government also introduced the principle of fiscal neutrality, which holds that for tax purposes the fiscal administration accepts all the rules of the accounting law and the royal decrees in order to determine taxable income except where expressly provided otherwise in the fiscal legislation (Jorissen & Maes, 1996). In the preamble to the royal decree of 8 October 1976, the parliament expressed its will to permit fiscal rules to differ from accounting rules only in exceptional circumstances.

The law of 1975 and the Royal Decree of 1976 were amended over the years. The first major change was in 1990 when, following the publication of the 7th EU Directive on consolidated accounts, the obligation to publish consolidated accounts was introduced. The Belgian business community was not really familiar with the preparation of consolidated information, so the Belgian legislature, acting on advice from the Commission on Accounting Standards and Central Economic Council, provided for exemptions not only for small groups but also for medium-sized groups. As a result, consolidated accounts are still of minor importance in Belgium for non-listed groups, and individual accounts remain the most important source of company information for stakeholders. In contrast to other EU countries, EU Directive 2013/34/EU was incorporated into Belgian legislation and is embedded in an institutional

context characterized by a strong link between accounting income and taxable income and in which individual accounts are more important than consolidated accounts for private entities.

EU Directive 2013/34/EU (issued on 26 June 2013) was incorporated into Belgian legislation by the law of 18 December 2015 and the royal decree of the same date. In Belgium, laws and royal decrees implementing EU Directives list the changes that need to be made to existing legislation (the company law of 2005) and royal decrees (the royal decree of 2001). For a comprehensive overview of the new legal situation, one needs to read the existing legislation together with the Law of 18 December 2015 and the Royal Decree of 18 December 2015.

Before adopting the law of 18 December 2015 and royal decree of 18 December 2015, the Belgian legislature consulted the Commission on Accounting Standards and the Central Economic Council. The former was put in place by the accounting law of 1975. It fulfills two roles. First, it issues opinions to the government and parliament as required or on its own initiative. Second, it develops a body of accounting views by publishing opinions or recommendations on accounting questions. The opinions issued by the Commission are authoritative pronouncements but not a binding source of regulation, meaning that they are not legally binding. The 17 members of the Commission are appointed by the government (7 specifically at the recommendation of the Ministers of Economic Affairs, Finance, Justice and Small and Medium-sized Enterprises), the Central Economic Council (4 members) the Institutes of Auditors, Accountants and Bookkeepers (3 members), the National Bank (1 member), the Supervisor of the Financial Markets (1 member) and the Organization of Small and Medium-Sized Enterprises (1 member). They include representatives of the accounting profession as well as representatives of the social partners (employers and employees), the tax authorities and the authorities responsible for supervising the financial markets.

The Central Economic Council was set up in 1948 and aims to make society more democratic by enabling workers to participate effectively at all levels of economic and social life. Its

institutional role consists in promoting the attainment of a socio-economic compromise by submitting to a minister or the legislative chambers its views on issues relating to the national economy (this includes the legislation on financial reporting). The Council is mainly made up of representatives of employers and employees (trade unions). There is an overlap in the composition with the Commission on Accounting Standards, since employers and employees have a major stake in both bodies. This institutional framework, which influences accounting legislation, ensures that the disclosure of financial information to employees is of major importance in the legislation and that accounting remains closely linked to taxation.

4. IFRS: a Reference for Financial Reporting by Private Entities in Belgium?

4.1 References to IFRS in Belgian Legislature's Remarks on the Draft Bill

Considering the elements discussed in the previous two sections, it probably comes as no surprise that no references were found to the IFRS in the draft bill to incorporate the EU Directive into Belgian law, or in the final legal documents that completed the procedure, i.e. the Law of 18 December 2015 and Royal Decree of 18 December 2015. In an interview with a member of the Commission of Accounting Standards, it was confirmed that the Commission and the Belgian legislature had opted to follow the EU Directive as closely as possible and had not envisaged the opportunity to make other changes to the accounting legislation in Belgium (interview with Henri Olivier on 22 September 2016). The only element of influence of the IFRS that can be found in the context of this transposition is the development of a note on the accounts with respect to financial instruments, which was inspired by IFRS 7. Note 6.17 of the notes on the annual accounts which need to be published by large companies requires companies to disclose the fair value of financial instruments, if these instruments are not recorded at fair value on the balance sheet.

4.2 References to IFRS by Enforcement Bodies

Individual accounts must be prepared with the use of Belgian GAAP. Using the IFRS for the preparation of individual accounts is strictly forbidden in Belgium. Therefore, in legal disputes with respect to individual accounts, the judicial authorities only use Belgian laws and the accompanying royal decrees as a framework for reference. With respect to consolidated accounts, companies have the choice to either present their consolidated accounts with the use of Belgian GAAP or the IFRS. Because only a limited number of non-listed groups present consolidated information using the IFRS, there has not yet been any case in which a judge referred to these standards in the context of a non-listed group. The law provides for the possibility for those responsible for preparing financial statements to ask for a derogation from Belgian legislation and the application of other accounting standards where this would represent the financial information in a more accurate and fairer way. Staff in the Commission on Accounting Standards informed us that in the last 7 years no company had asked for such an exemption.

When enforcement bodies for listed firms need a judgement on the financial statements of listed groups, their framework of reference is the IFRS. The regulator, namely the Financial Services and Markets' Authority (FSMA), as well as the judicial authorities will compare the IFRS consolidated accounts of a listed group with the IFRS as endorsed by the European Union.

4.3 Stakeholders' Position on IFRS

The Belgian employers' organizations and trade unions issued their joint view in an opinion published by the Central Economic Council on the use of the IFRS for private enterprises and on the incorporation of the 2013 EU Directive into Belgian legislation (CRB 2015 – 0600 Advies – Omzetting van de nieuwe boekhoudrichtlijn). In this document, an important element

was the need to safeguard current levels of transparency in financial information, introduced when the 4th and 7th EU Directives were implemented. The implicit frame of reference for employers and trade unions when discussing financial transparency is the system for filing and publishing individual accounts. The same document also includes a very strong plea for the continuation of the link between accounting income and taxable income. The 21-page document does not contain a single reference to the IFRS. This does not come as a complete surprise. In the February 2008 Newsletter of the Central Economic Council (n° 134), it was argued that an IFRS framework for non-listed companies represented too large a burden for non-listed entities. Moreover, it was stated that the principles embedded in the IFRS (and the IFRS for SMEs) are not appropriate for presenting the financial situation of non-listed or private firms. Taking into account that in Belgium most firms are small or micro firms, we can assume that in 2008 the reference for the Central Economic Council was also these small and micro firms and that its opinion relates mainly to the appropriateness of the IFRS for small and micro firms.

In 2010, the Commission on Accounting Standards (CAS) aligned its view with the opinion expressed by the Central Economic Council in its 2008 newsletter. When the Commission responded to the consultation issued by the EU Directorate General for internal markets and services on the use of the IFRS for small and medium-sized entities, it stated explicitly that it considered ‘the idea of implementing IFRS for SMEs incompatible with earlier proposals concerning the micro-entities and the proposed revision on the Directives to reduce the administrative burden for small companies. Employees also fear the loss of information (CAS response to the consultation on the IFRS for SMEs - page 3)’. The CAS also wrote that ‘the full IFRS framework did not seem convenient to us for European SMEs. Full IFRS has mainly been developed to meet the information needs of shareholders. We recognize that the framework developed in Section 2 of the IFRS for SMEs has already been adjusted to the needs of SMEs, but it seems, nevertheless, still too complex to use for SMEs. The internal and external

stakeholders of SMEs (such as employees, management, customers, suppliers, credit institutions, creditors, ...) have different information needs (CAS response to the consultation on the IFRS for SMEs - page 3).’ The next quote summarizes the view of Belgian stakeholders regarding financial reporting and presents the boundaries within which the IFRS (for SMEs) could possibly have an (indirect) influence in Belgium: ‘We wonder if the IFRS for SMEs will not be too complex for small companies. Companies should provide additional information for tax reasons which lead to additional costs. This goes against the only-once approach, that we supported in the previous Consultation Paper concerning the revision of the Fourth and Seventh Directive. Users in an SME environment have different information needs. They tend to use financial statements more for stewardship and to examine the solvency of the company than to reach decisions about whether to buy, hold or sell shares (CAS response to the consultation on the IFRS for SMEs - page 4)’.

Recently, the Belgian Institute of Auditors (Instituut der Bedrijfsrevisoren (IBR) – Institut des Réviseurs d’Entreprises (IRE)) argued for the modernization of financial reporting for non-listed firms, but in the same plea mentioned that in this modernization process there would be no room for the complexity of the IFRS framework. They expressed their position as follows: ‘With regard to the modernization of accounting law, it should be noted that the last major reform of Belgian accounting law dates back to 1975. Apart from relatively minor adjustments, the accounting principles applicable in Belgium have since then not followed international developments, even though a great many European countries have already modernized their accounting legislation. This is why the IBR-IRE is proposing in particular (1) to modernize Belgian accounting law so as to bring it in line with the best international practices, (2) to give preference to the use of assessment methods that enable companies and associations to provide a faithful image of their financial situation and their performance on the basis of economic criteria, but without the complexity of the IFRS reference system and (3) if possible, to

dissociate accounting law from tax law' (ICCI (ed.), Europese boekhoudrichtlijn en omzetting ervan in Belgisch recht, page xxxv). It is unclear exactly which international best practices they are referring to, if the IFRS is deemed to be too complex.

5. Examples of Major Differences between IFRS and the Provisions of Belgian Company Law and Accompanying Royal Decrees on Financial Reporting

It is interesting to note that Belgian law not only prescribes the layout and content of financial statements but that it also imposes bookkeeping requirements and a chart of accounts that must be followed. These requirements are absent from the EU Directives as well as the IFRS. Since Belgian accounting law has not followed international developments, there are not only major differences between it and the IFRS, but for a substantial number of topics for which guidance is available under the IFRS, there is no guidance in the Belgian legislative context. Items for which regulation exists under the IFRS but not under Belgian accounting law are as follows: cash flow statements (IAS 7), earnings per share (IAS 33), investment properties (IAS 40), agriculture (IAS 41), insurance contracts (IFRS 4), exploration and evaluation of mineral resources (IFRS 6) and segmental reporting (IFRS 8). Moreover, a substantial number of topics are only very vaguely discussed in Belgian accounting law, whereas much more guidance exists under the IFRS. These topics are: accounting policies, changes in accounting estimates and errors (IAS 8), events after the reporting period (IAS 10), employee benefits (IAS 19), related party disclosure (IAS 24), impairment (IAS 36), share-based payment (IFRS 2), non-current assets held for sale and discontinued operations (IFRS 5), and fair value (IFRS 13).

We note that for a number of items such as share-based payment, financial instruments, accounting policies, changes in accounting estimates and errors or leasing, the Commission of Accounting Standards has issued opinions in recent years, but without any reference to related IFRS. Almost all opinions issued by the Commission take Belgian company law and case law as their primary sources. In some cases, international textbooks (mostly American) are used to

develop opinions. These sources are explicitly referred to in the notes included in the opinions of the CAS. References to a specific IFRS, interpretations of the standard (IFRIC) or elements of the IFRS conceptual framework can hardly be found in the opinions published by the CAS. In an interview, a staff member of the Commission told us that only in the development of the following opinions can the IFRS be seen to have had an influence:

- Opinion 2010/12: the definition of hedging is inspired by the definition used in IFRS 39 (e.g. the corridor of 80% and 125%)
- Opinion 2012/2: rental income – the text of SIC 15 was copied
- Opinion 2013/3: accounting for step-acquisitions was inspired by the former IFRS 3, implying a separate recognition of goodwill at each step
- Opinion 2013/14: deferred taxes – in this context IAS 12 is discussed
- Opinion 2014/3: accounting for the increase in equity in an associated company is accounted for in compliance with the IFRS requirements
- The draft opinion on the accounting for research costs is also inspired by IAS 38

We also identify in Table 1 a number of areas in which there are major differences between Belgian accounting law and the IFRS.

[insert Table 1 here]

6. Conclusion

This paper provides an overview of the Belgian context in which the EU Directives on financial reporting were incorporated into national accounting legislation and the accompanying royal

decrees. The last major reform of the accounting legislation governing private or non-listed enterprises took place in 1975. Principles agreed upon in 1975 by consensus among economic players still influence today's financial reporting among private entities: transparency with respect to the individual accounts in that annual individual accounts must be filed and published by all non-listed companies (large, small and micro), and respect for the principle of fiscal neutrality. The latter principle in particular is a serious constraint in terms of modernizing accounting regulations in line with international developments. The transposition of the EU Directive mainly changed the size criteria which determine the regime for the disclosure and publication of financial information by private entities in the Belgian economy. Changes with respect to recognition and valuation rules were minimal and far from inspired by the IFRS. Despite the need for transparency with respect to individual accounts, we observe a certain level of tolerance for non-disclosure of group information, except when large or very large groups are involved. Overall, the Belgian context is not very conducive for the IFRS to indirectly influence accounting practices in Belgium or inspire the Belgian legislature and its advisory bodies. Moreover, there are no strong indicators that this situation will change in the near future.

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Table 1: Major Differences between IFRS and Belgian accounting law

Description	IFRS	Belgian Company Law
<p>Presentation of Financial Statements IFRS: a complete set of financial statements comprising a statement of financial position, a statement of other comprehensive income, a statement of cash flows and a statement of changes in equity Belgian law: the set of financial statements does not include a statement of other comprehensive income, a statement of cash flows, or a statement of changes in equity</p>	IAS 1, IAS 7	Article 82-87
<p>Goodwill IFRS: Goodwill is an intangible asset with an indefinite life which shall not be amortized but only impaired when there are indicators providing evidence of an impairment Belgian law: Goodwill is an intangible asset that shall be amortized over its useful life with a maximum of 10 years</p>	IFRS 3	Article 78
<p>Deferred Taxes IFRS: deferred tax assets and deferred tax liabilities will be recognized and measured for all temporary differences between taxable income and accounting income Belgian law: in individual accounts deferred tax liabilities are recognized and measured only in the case of government grants received for investment in assets and in the case of realized revaluation surpluses when tangible assets are sold. In the consolidated accounts all deferred taxes arising from temporary differences have to be reported, if it is certain that they will be realized in the near future</p>	IAS 12	Article 76
<p>Treasury Shares IFRS: treasury shares will be presented among a firm's equity as a decrease of this equity Belgian law: treasury shares are presented as investments among the assets of the company and for the same amount a reserve is recognized under a firm's equity</p>		Article 73
<p>Dividends IFRS: IFRS financial statements will be prepared before the appropriation of the result Belgian law: financial statements are prepared after the appropriation of the result of the financial year. So all distribution of income is presented as a liability in the company's statement of its financial position</p>	IAS 10	Article 26
<p>Costs of establishment IFRS: it is forbidden according to IFRS to capitalize costs of establishment Belgian law: Costs of establishment can be capitalized but need to be depreciated over a period of five years</p>		Article 58 and 59

<p>Provisions for maintenance IFRS: it is forbidden to set up a provision for maintenance Belgian law: it is allowed under Belgian law to set up provisions for maintenance and repair</p>	IAS 37	Article 54
<p>Definition of Production Costs IFRS: Production cost of assets includes a share of production overhead costs Belgian law: a choice exists between including only the direct costs of production in the production cost or also including a part of the overhead costs of production</p>	IAS 2, IAS 16	Article 37
<p>Construction Contracts IFRS: for the valuation of construction contracts only the percentage of completion method is allowed Belgian law: valuation of construction contracts can be done with the completed contract method or with the percentage of completion method</p>	IFRS 15	Article 71 and 72
<p>Inventories IFRS: the use of LIFO is forbidden for the valuation of inventories Belgian law: the use of LIFO is allowed for the valuation of inventories</p>	IAS 2	Article 69
<p>Leasing IFRS: the lessee has to account for all leases (except short-term rentals) on the balance sheet. Belgian law: the lessee only recognizes financial leases on the balance sheet; operating leases are disclosed in the notes on the accounts</p>	IFRS 16	Article 102
<p>Negative Goodwill IFRS: negative goodwill needs to be charged to income in the year it occurs Belgian law: negative goodwill can be presented among equity on the consolidated balance sheet</p>	IFRS 3	Article 78
<p>Use of the revaluation model IFRS: the revaluation model can be used for intangible, tangible and financial assets Belgian law: the revaluation model can only be used for tangible and financial assets</p>	IAS 38, IAS 16, IFRS 39	Article 56 and 57